

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 07623 031719Z

53

ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 IO-13 NEA-10 /117 W

----- 118232

P R 031601Z AUG 76

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 7596

AMEMBASSY MANILA PRIORITY

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE BRUSSELS 7623

MANILA FOR USADB

E.O. 11652: N/A

TAGS: EAID, EFIN, BE

SUBJECT: INCREASE IN ADB LENDING RATE

REF: STATE 188415

1. WE DISCUSSED THE US POSITION ON THE ADB LENDING RATE WITH BAUDAUX OF THE FINANCE MINISTRY'S EXTERNAL RELATIONS SECTION. HE TOLD US THAT BELGIUM HAS NOT YET SENT ANY INSTRUCTIONS TO DUPONT, ADB DIRECTOR FOR FRANCE, ITALY, BELGIUM AND SWITZERLAND. DUPONT HAS, HOWEVER, INFORMED BELGIUM THAT FRANCE AND SWITZERLAND HAVE INSTRUCTED HIM TO VOTE IN FAVOR OF A LENDING RATE "SLIGHTLY LOWER" THAN THE 9.15 PERCENT PROPOSED BY THE BANK MANAGEMENT. BAUDAUX SAYS HIS GOVERNMENT CAN GO ALONG

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 07623 031719Z

WITH RAISING THE RATE ONLY TO 9.10 PERCENT, DESPITE AGREEMENT

WITH US AS TO THE IMPORTANCE OF MAINTAINING THE 25 BASIS POINT SPREAD WITH IBRD RATES. BUT HE SAYS THAT THERE IS A CONFLICT OF DESIRABLE OBJECTIVES; DUPONT HAS REASONS RELATING TO LIQUIDITY AND FUNDS MANAGEMENT, LEADING HIM TO BELIEVE HE CAN MAKE A POINT OF PRINCIPLE BY SUPPORTING A LOWER LENDING RATE THAN MANAGEMENT PROPOSES. BAUDAUX STATES, HOWEVER, THAT BELGIUM WOULD OPPOSE A LENDING RATE LOWER THAN 9.10 PERCENT. FURTHERMORE, IF THE US DIRECTOR REMAINS FRIM FOR 9.15 PERCENT, BELGIUM WOULD BE AGREEABLE TO DUPONT'S GIVING UP HIS OBJECTIVE IN FAVOR OF OURS. HE SAYS THAT FRANCE WOULD DO SO AS WELL (AND PROBABLY SWITZERLAND AND ITALY). BAUDAUX SAID, HOWEVER, THAT BELGIUM WILL NOT INSTRUCT DUPONT IN SUCH DETAIL AS TO INCLUDE THIS FALL-BACK POSITION.

2. ACCORDING TO BAUDAUX, NOT ONLY FRANCE AND SWITZERLAND, BUT ALSO THE NETHERLANDS AND THE SCANDINAVIAN COUNTRIES, ARE SUPPORTING THE 9.10 RATE. HE THINKS THAT THE US, IF IT STANDS FIRMLY FOR MAINTAINING THE 25 BASIS POINT SPREAD, CAN PREVENT ADOPTION OF THE LOWER RATE, BUT IF THERE IS NO WILLINGNESS ON THE PART OF OTHER MEMBERS TO ACCEPT THE 9.15 LENDING RATE, THIS MATTER COULD BE UNRESOLVED UNTIL AFTERWARDS, PERHAPS SEPTEMBER.

3. ON OUR OTHER POINTS, BAUDAUX SAYS DUPONT HAS NOT COMMUNICATED WITH BELGIUM. THUS HE SUPPOSES THAT THERE WILL BE NO PROBLEM IN SUPPORTING THE USG POSITION, WHICH CORRESPONDS TO THE TERMS OF THE ADB MANAGEMENT PROPOSED RESOLUTION. THE ONLY QUESTION ARISES REGARDING THE 10 BASIS POINT RULE (REFTEL PARA 9), WHICH BAUDAUX THINKS IS NOT DIRECTLY COVERED IN THE MANAGEMENT RESOLUTION. BELGIUM IS CONTENT TO ALLOW DUPONT TO HANDLE THIS ISSUE AS HE SEES FIT.RENNER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTEREST RATES, LOANS, DEVELOPMENT BANKS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 03 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRUSSE07623
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760298-1321
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760894/aaaadefh.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 188415
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by SmithRJ>; APPROVED <13 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INCREASE IN ADB LENDING RATE
TAGS: EAID, EFIN, BE, US
To: STATE MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006